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SUBJECT: KOSOVO'S NEW AUDITOR GENERAL OFF TO A GOOD START

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[1](#)1. (U) Sensitive but unclassified; protect accordingly.

[1](#)2. (SBU) Summary. Since arriving in February 2006, Kosovo Auditor General Linda Casella has produced six complete audits on Kosovo municipalities and other institutions. She was assaulted and severely beaten in downtown Pristina shortly after her scathing audit of Pristina municipality was issued and has since moved to a secure residence and accepted 24-hour security. Undeterred, she has focused on completing overdue audits from previous fiscal years and launching new reviews of political parties and the Kosovo Assembly. Unlike her predecessor, Casella has good relationships with SRSG Soren Jessen-Petersen and Prime Minister Agim Ceku; the latter has asked her to audit, resources permitting, six Kosovo ministries to assist him in evaluating the performance of his ministers as part of his effort to clean up the Kosovo government. End Summary.

NEW AUDITOR GENERAL OFF TO PRODUCTIVE START

[1](#)3. (SBU) On June 7 Kosovo's new Auditor General (AG) Linda Casella, a dual Italian/Australian national, told E/P Chief and Econoff that she takes seriously her responsibility to review the financial management and accountability of all Kosovo Government and UNMIK agencies that receive funding from the Kosovo Consolidated Budget (KCB). Kosovo's Auditor General noted that her predecessor, Inga Britt Ahlenius, focused on building the professional capacity and skills of the AG's Kosovar staff, whereas Casella believes the best way to build capacity is to guide staff through hands-on training by doing actual auditing work.

[1](#)4. (SBU) Since Casella's arrival in Kosovo in February 2006, the AG has produced six audits including reports on the Office of the President of Kosovo's procurement procedures

and asset management from January-September 2005, the Ministries of Trade and Industry's procurement procedures and asset management in 2004, Kacanik municipality's procurement procedures and asset management in 2004, and the Central Inter-Ministerial Commission Reconstruction Fund in 2004-05 for housing and commercial property damaged during the March 2004 riots. Casella said that her staff, which is a mix of Kosovars and internationals, can do most of the work but the more difficult audits are outsourced to more experienced private sector auditing companies which are paid for by the European Agency for Reconstruction (EAR).

PHYSICALLY ASSUALTED BUT UNDETERRED IN HER WORK

15. (SBU) Casella told Econoffs that she was physically assaulted and robbed of her handbag in February as she attempted to enter her apartment complex in downtown Pristina. Police reports at the time concluded that the physical assault was taken out of proportion and noted that the crime appeared to be a simple purse snatching, and the Kosovo press suggested a link to the AG's very critical report, then just-released, of the Pristina municipality's procurement practices. Casella said UNMIK moved her to a secure apartment complex after the incident and is providing 24/7 security. Despite the incident, Casella said that she is focused on completing audits from 2003-05 and is planning to review the activities of the political parties that receive KCB funding. She said that her office is currently auditing the Kosovo Assembly's procurement procedures and asset management, noting that the first report should come out in late June or July.

PM CEKU SEES AUDITOR GENERAL AS ALLY IN CLEANING UP PISG

16. (SBU) Casella said that she has good relationships with
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the outgoing UNMIK SRSG Soren Jessen-Petersen and Kosovo Prime Minister Agim Ceku. (NOTE: AG Alhenius was constantly at loggerheads with UNMIK over her focus on institutional capacity building to the virtual exclusion over actual auditing. END NOTE.) Casella said the prime minister has requested comprehensive audits of all Provisional Institutions of Self-Government (PISG) ministries to help him evaluate the performance of current ministers, adding that Ceku even offered to set up a desk for her to work in his office. Casella said she told the PM she could only do audits if he found the money to pay for them, but she is clearly impressed with the PM's seriousness of purpose, opining that this spirit of cooperation would allow her office to get a lot done in thoroughly auditing PISG institutions.

17. (SBU) Comment: During her short time in Kosovo, the new Auditor General Casella has produced auditing reports on sensitive, politically charged issues, notwithstanding evident risks to her personal safety. Her steadfast devotion to concluding state-of-the-art audits of Kosovo institutions is intended to improve efficiency in government. Along the way, her work product should prove useful to other international and Kosovar officials charged with ferreting out corruption and bias. End Comment.

GOLDBERG